

CMBI Credit Commentary

Fixed Income Daily Market Update 固定收益部市场日报

- *Flows were still light this morning. Asian IG spreads were largely unchanged. We saw light two-way flows on front-end AT1s and insurance subs. EHICAR 26 leaked 1.1pts. NANFUN 5 Perp was 0.5pt lower. WESCHI 28-29 gained 0.5-1.1pts. GLPCHI 29/FAEACO 12.814 Perp edged 0.4pt higher.*
- **MEDCIJ:** *Rising oil and gas prices, as well as strong volume supported 1Q26 earnings growth. Maintain buy on MEDCIJ 29-30. MEDCIJs were unchanged this morning. See below.*
- **INDYIJ:** *Indika Energy tapped USD100mn INDYIJ 8.75 05/07/29 at par, the outstanding amount increased to USD555mn. INDYIJ 29 was 0.2pt lower this morning.*

❖ Trading desk comments 交易台市场观点

Yesterday, flows were light across all spaces as Japan and Mainland China were out for holiday. In the Middle East, TAQAUH 51 edged 0.6pt higher. On the other hand, SECO 29-36/BSFRs/FABUH 34-35 were unchanged to 0.2pt weaker. EBIUH Perps were 0.3pt lower to 0.2pt higher. See our comments on the recent new issue EBIUH 6.25 Perp on [29 Apr'26](#). In HK, FAEACO 12.814 Perp gained 0.5pt. The NWDEVL/VDNWDL complex were overall unchanged to 0.3pt higher. LIFUNG 5.25 Perp gained 0.1pt. Fitch affirmed Li & Fung's BB rating with a stable outlook. In Macau gaming, MPEL 27 lost 0.1pt, while SANLTD 28/STCITY 29/WYNMAC 29 were 0.1pt higher. The rest of the space closed unchanged. See our comments [yesterday](#) on Macau gaming 4M26 GGR and MPEL/STCITY 1Q26 results. CWAHK 30 lost 0.1pt. See our comments on [30 Apr'26](#). In Chinese properties, VNKRL 27-29/FUTLN 28/FTLNHD 27-29 closed 0.1pt higher. LNGFOR 27-32 gained 0.2-0.3pt. In SE Asian space, GLPSPs/GLPCHI were 0.3pt lower to 0.1pt higher. VEDLN 28-33s traded up to 0.3pt higher. The ReNew Energy complex and MEDCIJ 26-30 were unchanged to 0.1pt higher. See comments below on Medco Energi 1Q26 results. TOPTB/PTTGC Perps were unchanged to 0.2pt higher. In JP space, SOFTBKs were up to 0.6pt firmer. SoftBank plans to establish and list AI robotics business in the US at USD100bn valuation. As for Japanese and Yankee AT1s, NOMURA 7 Perp/STANLN 7 Perp were 0.1pt firmer.

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❖ Last Trading Day's Top Movers

Top Performers	Price	Change	Top Underperformers	Price	Change
TAQAUH 3.4 04/29/51	69.0	0.6	HCELEC 4.65 12/29/26	66.7	-0.8
SOFTBK 8 1/4 10/29/65	92.8	0.6	CNOOC 4.2 05/05/45	88.4	-0.8
FAEACO 12.814 PERP	75.9	0.5	PRXNA 4.987 01/19/52	78.1	-0.8
SOFTBK 8 1/4 10/22/31	101.5	0.5	CNOOC 7 1/2 07/30/39	127	-0.8
YUEXIU 3.8 01/20/31	90.4	0.4	BHP 5 3/4 09/05/55	100.2	-0.7

❖ Marco News Recap 宏观新闻回顾

Macro – S&P (-0.41%), Dow (-1.13%) and Nasdaq (-0.19%) were lower on Monday. UST yield was higher on Monday. 2/5/10/30 year yield was at 3.95%/4.08%/4.45%/5.02%..

❖ Desk Analyst Comments 分析员市场观点

➤ MEDCIJ: Rising oil and gas prices, as well as strong volume supported 1Q26 earnings growth

Table 1: Medco o/s USD bonds

Security Name	ISIN	Amt o/s (USD mn)	Ask Px	Ask YTM	Issue rating (M/S/F)	Payment rank
MEDCIJ 7 % 05/14/26	USY59501AA78	91.724	100.4	-	Ba3/BB-/BB-	Secured
MEDCIJ 6.95 11/12/28	USY59500AA95	272.017	100.6	6.7%	Ba3/BB-/BB-	Sr unsecured
MEDCIJ 8.96 04/27/29	USY5951MAA00	482	103.7	6.7%	Ba3/BB-/BB-	Sr unsecured
MEDCIJ 8.625 05/19/30	USY56616AA68	600	104.7	7.3%	Ba3/BB-/BB-	1 st lien

Source: Bloomberg.

We maintain buy on MEDCIJ 8.96 04/27/29 and MEDCIJ 8.625 05/19/30, in view of Medco Energi (Medco)'s resilience operating performance, financial discipline in expansion and sufficient liquidity profile. At 103.7 and 104.7, MEDCIJ 8.96 04/27/29 and MEDCIJ 8.625 05/19/30 are trading at YTM of 6.7% and 7.3%, respectively. We consider these bonds are lower-beta and good carry plays. We expect Medco to continue early redeem its USD bonds. As per Medco, it repurchased USD bonds of USD2.9mn in 1Q26. This, coupled with notably higher O&G prices, should support the near-term performance of MEDCIJ 29-30.

Medco's 1Q26 revenue rose 19.2% yoy to USD668.3mn, driven by higher oil & gas volumes from additional working interest in Corridor and new production from Forel and Terubuk fields and higher oil prices. Oil & gas segment revenue rose 21.0% yoy to USD616.5mn. The average realized price for oil increased to USD75.1/bbl (1Q25: 72.2/bbl), and the daily lifting also increased to 48mbopd (1Q25: 41mbopd). The realized oil prices increased to USD94.0/bbl in Mar'26 amid the US-Israel war against Iran and closure of the Strait of Hormuz. Moreover, the gas average realized price in 1Q26 increased to USD7.2/mmbtu (1Q25: 7.1/mmbtu), and the daily lifting in the quarter increased to 627bbtupd (1Q25: 532bbtupd). Overall, the oil & gas production run-rate was 169mboepd in 1Q26, in line with Medco's FY26 guidance of 165-170 mboepd.

As for the power segment, revenue was down 2.2% yoy to USD43.4mn. The 20.9% yoy in power sales from improved reliability of Dalle Energy Batam, Energi Listrik Batam expansion and other assets were offset by a decrease in construction revenue after completing Ijen Geothermal and East Bali Solar PV in 2025. That said, Medco achieved power sales of 1,053Gwh in 1Q26, representing c23% of the its FY26 guidance of 4,550Gwh.

The company is on track to achieve its power sales target. In 1Q26, the power segment contributed c6.5% of Medco's revenue.

Medco's 1Q26 EBITDA was up 5.7% yoy to USD349.1mn. The higher production volumes and improved realized oil and gas prices were partially offset by higher cash cost at USD9.0/boe (1Q25: 7.9/boe). The higher cash cost, however, remains in line with its FY26 guidance of below USD10/boe. PBT, on the other hand, jumped 63.0% yoy to USD149.7mn as Amman Mineral Internacional (AMMAN) turned into profit of USD34mn in 1Q26 from losses of USD29mn in 1Q25 after the smelter had ramped up in late Mar'25. Production of copper and gold increased to 101mllbs (1Q25: 37 mllbs) and 136Koz (1Q25: 32 Koz), respectively. As discussed in our daily on [10 Apr'26](#), Medco's operations, including the Oman operations, had so far not be affected by the US-Israel war against Iran. Medco expects its Oman operations to contribute c15% of its EBITDA based on oil & gas price of USD65/boe.

On cash flow, its 1Q26 operating cash flow rose 29.7% yoy to USD273.0mn. Medco spent USD90mn in capex in 1Q26, representing 21-23% of its FY26 guidance of USD400-430mn. Medco's cash on hand decreased 5.6% from Dec'25 to USD593.8mn as of Mar'26 on net repayments of debts. Its total debts lowered to USD3.7bn from USD3.9bn in 1Q26. Its net debt/LTM EBITDA improved down modestly to 2.5x in Mar'26 from 2.6x in Dec'25, fueled by higher EBITDA. Medco's credit profile remained stable and in line with its credit ratings. Medco continues to have good access to capital markets as evidenced by its recent tap on MEDCIJ 8.625 05/19/30 at 103.072 for USD200mn. It has also been actively managing its debt maturities in advance, i.e. early call of MEDCIJ 6.375 01/30/27 in full in Mar'26.

On capex, we expect Medco to fund its budgeted capex in 2Q-4Q26 through internal resources in view of its strong operating cash flow generation. We also expect Medco to remain disciplined in acquisitions and will maintain net debt to EBITDA below 2.5x at mid-cycle prices even before the new assets fully contributes. It has also committed to repay acquisition loans in 2-3 years.

Table 2: Medco's 1Q26 financial highlights

USD mn	1Q25	1Q26	Change
Revenue	560.5	668.3	19.2%
Oil & gas	509.7	616.5	21.0%
Lifting (mboepd)	133.0	156.0	17.3%
Average realized price			
-Oil (USD/bbl)	72.2	75.1	3.9%
-Gas (USD/mmbtu)	7.1	7.2	1.4%
Cash cost (USD/boe)	7.9	9.0	14.5%
Power	44.4	43.4	-2.2%
Sales (Gwh)	871.0	1,053.0	20.8%
Services & others	6.4	8.4	30.8%
EBITDA	330.3	349.1	5.7%
EBITDA margin	58.9%	52.2%	-6.7 pct pt
Profit before tax	91.8	149.7	63.0%
Operating cash flow	210.5	273.0	29.7%
Capex	89.0	90.0	1.1%
USD mn	Dec'25	Mar'26	Change
Cash and cash equivalents	628.9	593.8	-5.6%

Total debt	3,898.9	3,749.0	-3.8%
Net debt	3,329.8	3,215.1	-3.4%
Total debt/LTM EBITDA	3.1x	2.9x	-
Net debt/LTM EBITDA	2.7x	2.5x	-
EBITDA/gross interest	4.2x	4.3x	-

Source: Company filling, CMBI FICC Research

➤ Offshore Asia New Issues (Priced)

Issuer/Guarantor	Size (USD mn)	Tenor	Coupon	Priced	Issue Rating (M/S/F)
Indika Energy	100	4yr	8.75%	8.75%	Ba3/-/BB-

➤ Offshore Asia New Issues (Pipeline)

Issuer/Guarantor	Currency	Size (USD mn)	Tenor	Pricing	Issue Rating (M/S/F)
Japfa Pte	USD	300	5NC2	8.5%	B1/-/B+

➤ News and market color

- Onshore primary issuances were suspended during the Labor Day Holiday
- **[IIFOIN]** IIFL Finance will meet investors in Singapore on 6 May'26 and in Hong Kong on 7 May'26
- **[LIFUNG]** Fitch affirmed Li & Fung's BB rating; outlook stable
- **[MGFLIN]** Manappuram Finance interest income slipped 3.8% yoy to INR92.5bn (cUSD941mn) in FY26
- **[MINAU]** MinRes expects to complete the sale of a 30% stake in its operational lithium business to POSCO Holdings in 1H27
- **[RIOLN]** Rio Tinto workers at New Zealand aluminum plant goes on strike over pay disputes
- **[SOFTBK]** SoftBank will make cheaper batteries for data centers in AI infrastructure push
- **[TAISEM]** TSMC seeks government permission for new cutting-edge plant in Taiwan
- **[VEDLN]** NCLAT dismissed Vedanta Ltd appeal against Adani's resolution plan for Jaiprakash Associates

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